



annual report

1961

BOARDS

THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED

MRB
333436
G637

board of directors

R. C. BERKINSHAW, C.B.E., TORONTO

P. P. DAIGLE, MONTREAL

A. W. DENNY, TORONTO

R. DEYOUNG, AKRON

H. G. HARPER, TORONTO

HOWARD L. HYDE, AKRON

A. DEANE NESBITT, O.B.E., D.F.C., MONTREAL

L. E. SPENCER, TORONTO

E. J. THOMAS, AKRON

officers

L. E. SPENCER, *President and General Manager*

A. W. DENNY, *Vice-President, Production*

H. G. HARPER, *Vice-President, Sales*

D. C. CARLISLE, *Treasurer*

K. E. KENNEDY, Q.C., *Secretary and General Counsel*

H. A. BRUNDAGE, *Comptroller*

C. E. CLARKE, *Assistant Treasurer*

A. E. ROBINETTE, Q.C., *Assistant Secretary*

C. W. J. EVANS, *Assistant Comptroller*

D. F. CATTO, *Assistant Comptroller*



general offices

NEW TORONTO, ONT.

factories

NEW TORONTO, ONT.

BOWMANVILLE, ONT.

ST. HYACINTHE, QUE.

QUEBEC CITY, QUE.

MEDICINE HAT, ALTA.

branches

MONCTON, N.B., 607 St. George St.

QUEBEC CITY, QUE., 1225 Charest Blvd. West

MONTREAL, QUE., 2050 Cote de Liesse Rd.

TORONTO, ONT., 650 Kipling Ave. South, Toronto 18

LONDON, ONT., 1700 Dundas St. East

WINNIPEG, MAN., 1725 Sargent Avenue

REGINA, SASK., 2410 Dewdney Ave.

SASKATOON, SASK., 2035 First Ave. North

CALGARY, ALTA., 238-11th Ave. East

EDMONTON, ALTA., 11330-143rd St.

VANCOUVER, B.C., 2625 Rupert St.

wholesale distributor

ST. JOHN'S, NFLD.

A. E. Hickman Company Limited

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Annual Report of the Directors

To the Shareholders:

The consolidated balance sheet of the Company and its subsidiaries as of December 31, 1961 and the consolidated statements of profit and loss and earned surplus showing the results of operations for the year, together with the report of the Company's auditors, Price Waterhouse & Co., are submitted herewith.

The consolidated net income for the year amounted to \$3,610,065 or \$12.97 per common share, as compared with \$2,084,255 or \$7.03 per common share for the year 1960. The year's income included \$845,800 arising out of a discontinuance of LIFO method of inventory valuation for unprocessed rubber and other procedural changes, as indicated by Note 3 to the consolidated financial statements.

Dividends on common stock, totalling \$6.00 per share and amounting to \$1,543,560 were paid during the year. Regular quarterly dividends totalling \$2.00 per share were paid on the 4% preferred shares.

Capital expenditures during the year for expansion, improvements and replacements of property, totalled \$1,551,691 and depreciation amounted to \$2,642,395.

Working capital amounted to \$27,926,690 and the ratio of current assets to current liabilities is 5.2 to 1 compared with 6.9 to 1 at the end of 1960.

Inventories of raw materials, work in process and finished goods have been thoroughly reviewed and valued on the basis of the lower of average cost or market. It will be noted that the method of valuing unprocessed rubber has been changed during the year.

To maintain the coverage of the Company's pension, hospitalization and related benefits, supplemental unemployment benefits and group insurance plans, there is included in the attached consolidated profit and loss statement a charge to income of \$1,456,000.

Taxes and duties of all kinds provided in 1961 totalled \$8,448,000, equivalent to \$32.84 per share of issued common stock, as compared with \$6,947,000 or \$27.00 per share in 1960.

The year 1961 was about equal to 1960 in general business activity and, although it was highly competitive, our physical volume — tonnage — increased.

Dollar sales, however, did not parallel the increase in tonnage as prices declined under intense competition in practically all lines of products.

Nevertheless, in spite of constant pressure on prices, profits have improved over 1960.

This result is a tribute to the teamwork, spirit and ability of Goodyear men and women throughout the country who faced up to the combined task of effecting economies, improving product and service and developing an even more aggressive sales effort. It is also a tribute to the largest group of dealers and distributors in our industry, who met new and more vigorous forms of competition by selling the best in products and providing the finest service to our customers.

Our Company took important steps during 1961 to meet competitive conditions, to take advantage of sales opportunities in our various product lines and to plan for future growth in all individual market areas.

These included broadened and intensified research and testing activities; introduction of new and improved products; continued modernization and expansion of production facilities to provide manufacturing economies and to serve growing markets; improved distribution facilities for better service to our customers; strengthened sales programs and additional retail distribution outlets.

These programs directed towards improvements in products and service, coupled with constant analyses of possible efficiency gains are achieving gratifying results and will continue to be emphasized.

Many important changes occurred throughout the organization as retirements matured and new opportunities opened up.

Mr. R. C. Berkinshaw, Chairman of the Board, retired on September 30, marking 41 years of valuable service to the Company. He continues to serve as a Director.

Mr. Paul Pierre Daigle, Vice-President of Daigle & Paul Ltd., of Montreal, was added to our Board of Directors in 1961.

Much emphasis has been placed upon executive training and development directed towards assuring the future growth and success of our Company. We are giving full recognition to the fact that people — individuals and/or groups — are the key to the Company's progress and growth in the years ahead.

Harmonious labor relations built through the years were maintained, enabling the negotiations of new wage and other contractual matters without loss of production.

The Company's training programs for both employees and dealers were expanded, and there was wide participation in the employees' activities programs.

We foresee continued growth and opportunities in our industry and in related industries and our organization is ready and able to take advantage of these as they occur.

Competition, as always, will be keen.

We look forward to the challenges ahead and our momentum and enthusiasm for the tasks involved have never been higher.

On behalf of the Board,

A handwritten signature in cursive script, reading "L E Spencer". The signature is written in dark ink and is positioned above the printed name of the President and General Manager.

President and General Manager.

February 8, 1962.

THE GOODYEAR TIRE & RUBBER COMPANY OF

consolidated

assets

	DECEMBER 31 1961	DECEMBER 31 1960
CURRENT ASSETS:		
Cash.....	\$ 4,712,049	\$ 2,295,277
Accounts receivable, less provision for bad debts —1961—\$541,468; 1960—\$438,385.....	10,280,303	9,904,389
Inventories at cost or market whichever is lower....	19,618,209	19,138,589
TOTAL CURRENT ASSETS.....	34,610,561	31,338,255
INVESTMENTS AND OTHER ASSETS:		
Shares, Bonds, Mortgages etc. at cost.....	2,559,363	916,283
Deferred charges to future operations.....	268,584	140,733
	2,827,947	1,057,016
PROPERTY ACCOUNTS:		
Land, buildings, machinery and equipment, at cost	51,808,458	51,223,271
Less—Depreciation.....	37,291,724	35,496,089
	14,516,734	15,727,182
	<u>\$51,955,242</u>	<u>\$48,122,453</u>

APPROVED ON BEHALF OF THE BOARD:

L. E. Spencer

DIRECTOR

R. B. Beckinslow

DIRECTOR

CANADA, LIMITED AND SUBSIDIARY COMPANIES

balance sheet

liabilities

	DECEMBER 31 1961	DECEMBER 31 1960
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 4,443,723	\$ 3,653,039
Accrued income and other taxes payable	2,172,075	834,217
Preferred stock dividend payable	68,073	68,961
TOTAL CURRENT LIABILITIES	6,683,871	4,556,217
SHAREHOLDERS' EQUITY:		
Capital Stock:		
Four per cent. Cumulative Redeemable Sinking Fund Preferred Shares (par value \$50 per share; redeemable on call at \$53 per share):		
Authorized and outstanding—1961—136,145 shares; 1960—137,922 shares	6,807,250	6,896,100
Common shares, no par value:		
Authorized — 290,660 shares; issued — 257,260 shares	128,630	128,630
Capital Surplus	692,350	692,350
Earned Surplus	37,643,141	35,849,156
	<u>45,271,371</u>	<u>43,566,236</u>
	<u>\$51,955,242</u>	<u>\$48,122,453</u>

consolidated profit and loss statement

	Year ended December 31	
	1961	1960
Profit from operations before providing for depreciation and income taxes	\$ 8,663,121	\$ 6,407,976
Income from investments	<u>154,268</u>	<u>53,606</u>
	8,817,389	6,461,582
Deduct:		
Provision for depreciation	2,642,395	2,850,186
Provision for income taxes	<u>2,564,929</u>	<u>1,527,141</u>
	5,207,324	4,377,327
Net profit for the year	<u>\$ 3,610,065</u>	<u>\$ 2,084,255</u>

consolidated earned surplus statement

	Year ended December 31	
	1961	1960
Balance at beginning of year	\$35,849,156	\$35,584,791
Net profit for the year	<u>3,610,065</u>	<u>2,084,255</u>
	39,459,221	37,669,046
Deduct:		
Dividends:		
On four per cent. preferred shares	272,520	276,330
On common shares	<u>1,543,560</u>	<u>1,543,560</u>
	1,816,080	1,819,890
Balance at end of year	<u>\$37,643,141</u>	<u>\$35,849,156</u>

notes to consolidated financial statements

1. The accounts receivable at December 31, 1961 include \$531,516 due from affiliated companies and \$890,943 due to affiliated companies is included in accounts payable. These balances represent current accounts arising in the normal course of business.
2. Rentals payable under leases expiring more than three years from December 31, 1961 aggregate approximately \$645,000 annually.
3. The last in, first out (LIFO) method of inventory valuation for unprocessed rubber was adopted in 1950, a method which has not been acceptable for Canadian income tax purposes. It is the opinion of management that the LIFO method of inventory valuation is inapplicable to the present situation and, therefore, it has been decided to abandon this procedure. A change has also been made in the treatment for income tax of certain provisions and allowances in order more clearly to relate the income and expenses for the year. These changes resulted in an increase of \$845,800 in the net profit for the year 1961.

auditors' report

PRICE WATERHOUSE & CO.

55 Yonge Street
Toronto 1

January 26, 1962

To the Shareholders of

THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED:

We have examined the consolidated balance sheet of The Goodyear Tire & Rubber Company of Canada, Limited and its subsidiary companies as at December 31, 1961 and the consolidated statements of profit and loss and earned surplus for the year ended on that date. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

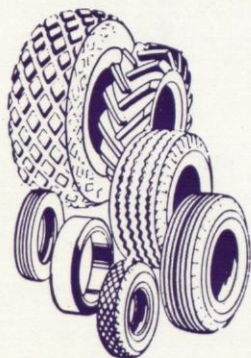
In our opinion, the accompanying consolidated balance sheet and consolidated statements of profit and loss and earned surplus present fairly the consolidated financial position of the companies as at December 31, 1961 and the results of their operations for the year ended on that date, in conformity with generally accepted accounting principles. These principles have been applied consistently with those of the preceding year except for the changes, of which we approve, explained in Note 3 to the consolidated financial statements.

A handwritten signature in dark ink, reading "Price Waterhouse & Co.", written in a cursive, flowing style.

Chartered Accountants.

LOTS OF GOOD THINGS

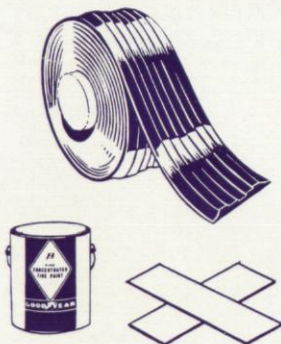
TIRES



Tires For

Automobiles
Trucks
Buses
Earthmovers
Construction
Mining
Logging
Farm Tractors
Implements
Industrial Vehicles
Motorcycles
Racing Cars
Midget Racers
Karting Vehicles
Military Vehicles
Mobile Homes
Inner Tubes for
Tube-Type Tires

RETREAD AND REPAIR MATERIALS



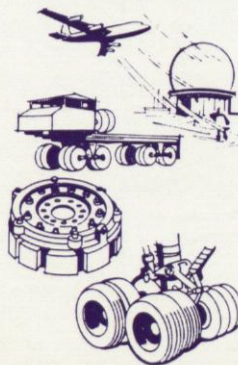
Retread Rubber
Tire Repair Gums
Tire Repair Fabrics
Tire Repair Materials
Vulcanizing Cements
Airbags for Repairing and
Retreading Tires

AUTOMOTIVE ACCESSORIES AND BATTERIES



Fan Belts
Molded and Straight
Radiator Hose
Hose
Heater
Airline
Signal Call
Exhaust
Defroster
Gas Line
Windshield Wiper Tubing
Friction and Vinyl Tapes
Truck Splash Guards
Valve Hardware
Car Mats
Tire Flaps and Reliners
6 and 12 volt Wet and
Dry Charged Batteries

AVIATION PRODUCTS

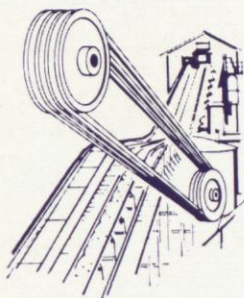


Airplane Tires and Tubes
Wheels
Brakes
Anti-Skid System
Terra Tires
De-icers (Iceguard)
Inflatable Radomes
Windshields

COME FROM



INDUSTRIAL GOODS



Conveyor Belting
V-Belts
Flat Power Transmission Belts
Positive Drive Belts
Fan Belts
Industrial Hose
Fire Hose
Garden Hose
Special Type Hoses
Molded Products
Extruded Products
Packing
Sheeting
Tank and Chute Linings
Industrial Rolls
Dock and Ship Fenders
Matting
Pillow Tanks
Dunnage Bags

SHOE PRODUCTS



Nylon Toplifts
Infa-Flex Soling
Soles
Marathon Half
Neolite Vulca-Bond
Rubber Vulca-Bond
Strips
Crown Neolite
Neolite
Rubber
Mid-Soling
Wing-Lite
Neolite Flex
Cured Back Gum
Rubber Cement
Neotex Soling
Neolite Edge Dye

FILMS AND CEMENTS



Pliofilms for Protective Packing of Baked Goods, Meats, Self-service Foods and other products
Vitafiles for Food and Heavy-duty Packaging (Textiles, Hardware Items, etc.)
Adhesives for Home and Industry:
Pliobond All-purpose Adhesive
Pliotac Contact Cement

One of our greatest assets . . . people

Goodyear-Canada has always attracted loyal and conscientious employees . . . people who like working at Goodyear . . . people who take pride in the craftsmanship identified with all Goodyear products. Today, your Company enjoys the unique distinction in industry of having more than 900 active and retired employees in its 25-Year service ranks. And long service of 35 and 40 years is not uncommon. During its 52 years in Canada, these employees have helped produce more than 60 million tires and

other products now sold by 12,000 dealers across the country.

Goodyear is the only major manufacturer of tires and other products which reports the results of its operations to its shareholders and to the public. Nearly 3,000 Canadian shareholders participate in your Company's impressive record of progress and expansion . . . a record made possible by the combined teamwork, spirit and ability of all our employees, dealers and distributors working together to provide the finest produce values and service.

